



County of Los Angeles CHIEF EXECUTIVE OFFICE

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SACHI A. HAMAI
Interim Chief Executive Officer

August 17, 2015

Board of Supervisors
HILDA L. SOLIS
First District

MARK RIDLEY-THOMAS
Second District

SHEILA KUEHL
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

To: Mayor Michael D. Antonovich
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe

From: Sachi A. Hamai
Interim Chief Executive Officer

**MOTION TO INSTRUCT THE INTERIM CHIEF EXECUTIVE OFFICER AND
LOS ANGELES COUNTY'S LEGISLATIVE ADVOCATES TO SUPPORT
LEGISLATIVE PROPOSALS WHICH WOULD PROVIDE STATEWIDE
INVESTMENT IN HIGHWAY AND TRANSIT INFRASTRUCTURE (ITEM NO. 40-E,
SUPPLEMENTAL AGENDA OF AUGUST 18, 2015)**

Item No. 40-E on the August 18, 2015 Supplemental Agenda is a motion by Supervisor Ridley-Thomas and Supervisor Solis instructing the Interim Chief Executive Officer and the County's legislative advocates to:

- 1) Support legislation to provide permanent and sustainable funding to maintain and repair the State's transportation infrastructure and local streets and roads;
- 2) Work with members of the Los Angeles County Delegation to ensure that any legislation provides for an equitable funding formula between the State and local governments;
- 3) Support legislation that, consistent with current and historical practices, provides new revenues to local governments via direct subventions for investment in local streets and roads;
- 4) Support legislative proposals aimed at protecting or increasing funding for Los Angeles County public transit system (including bikeway networks) and projects; and

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- 5) Alert and advise the Board of Supervisors of any State legislation that may directly or indirectly conflict with the Metropolitan Transportation Authority's (Metro) pursuit of legislation, including SB 747 (De León), that would provide Metro with authority to place a transportation funding measure on a future ballot.

Background

On June 16, 2015, Governor Brown called the Legislature into a Special Session to consider legislation to enact permanent and sustainable funding to maintain and repair the State's transportation and infrastructure. The Governor's Transportation and Infrastructure Proclamation instructs the Legislature to consider and act on legislation necessary to enact pay-as-you-go, permanent and sustainable funding to: 1) adequately and responsibly maintain and repair the State's transportation and other critical infrastructure; 2) improve the State's key trade corridors; and 3) complement local efforts for repair and improvements of local transportation infrastructure.

The Senate Transportation and Infrastructure Committee is scheduled to meet on August 19, 2015 and will be considering several of the transportation Special Session bills that have been introduced in the Senate, including:

- **SBx1 1 (Beall)** - Transportation funding
- **SBx1 3 (Vidak)** - Transportation bonds: highway, street, and road projects
- **SBx1 9 (Moorlach)** - Department of Transportation: Use of Non-recurring Funds
- **SBx1 10 (Bates)** - Regional transportation capital improvement funds
- **SBx1 11 (Berryhill)** - California Environmental Quality Act exemptions
- **SBx1 12 (Runner)** - California Transportation Commission
- **SBx1 13 (Vidak)** - Office of the Transportation Inspector General
- **SBx1 14 (Cannella)** - Transportation projects: Public Private Partnerships
- **SCAx1 1 (Huff)** - Motor vehicle fees and taxes: restriction on expenditures

Attachment I contains a detailed overview of legislation introduced for consideration during the Special Session on transportation and infrastructure needs.

The Legislature will conduct a series of meetings across the State in mid- to late-August to discuss local transportation needs and ideas for funding solutions. Meetings will be held in the East Bay area, Fresno, the Inland Empire, and Los Angeles. The Sacramento advocates report that the Los Angeles meeting will be held on August 21, 2015 and will include members of the Legislature, Administration officials, local elected officials, and business and labor organizations.

County Transportation Infrastructure Funding Shortfall

The 2014 California Statewide Local Streets and Roads Needs Assessment Report found that counties and cities are facing a \$79.3 billion funding shortfall for the maintenance and preservation of the local street and road system over the next decade. For all local agencies in Los Angeles County, the combined ongoing transportation needs funding shortfall is \$10.0 billion.

The Department of Public Works (DPW) reports that the County oversees and maintains approximately 3,200 miles of roadway infrastructure in the unincorporated areas, in addition to maintenance of more than 1,000 miles of roadway infrastructure in 15 cities that contract with the County for road maintenance services. The County also inspects and maintains 246 County-owned bridges within unincorporated areas, 41 partially-owned bridges, and inspection of 823 city-owned bridges. The County operates and maintains 1,828 traffic signals and 8,300 Highway Safety Lights associated with traffic signals. DPW reports that in the County's unincorporated areas, the current deferred maintenance backlog for pedestrian and bike improvements, pavement preservation work, bridge repairs and replacements, and traffic signal improvements is \$1.4 billion.

The Department of Public Works indicates that the County relies on State gas tax revenues to fund on-going operation and maintenance, and safety and capital improvement, of critical transportation infrastructure across the region. As previously reported, DPW indicates that the County is currently projected to receive \$150.0 million in State gas tax revenue in Fiscal Year (FY) 2015-16, a decrease of \$46.0 million compared to FY 2014-15, and \$59.0 million below what the County received in FY 2013-14.

The Department of Public Works reports that, as a result of the these reductions in funding over such a short period, the County has had to defer \$44.0 million in County of Los Angeles transportation improvement projects in FY 2015-16. DPW also notes that if the trend of declining gasoline tax revenues continues, the County and other local agencies will be forced to significantly curtail ongoing operations and maintenance programs, which directly affect the quality of life of County residents. DPW indicates that sustained shortfalls in funding for critical transportation infrastructure improvement projects will equal far fewer of those projects being completed in the coming years.

SB 767 (De León)

SB 767 (De León), as amended on July 16, 2015, would impose, upon approval of the voters, an additional sales tax in Los Angeles County for a period to be determined by the Los Angeles County Metropolitan Transportation Authority (MTA) at a rate that, when combined with Measure R, shall not exceed 1 percent.

Existing law authorizes individual counties or regions to impose sales tax within their jurisdictions for the purpose of funding transportation services, programs, and projects. These counties, often referred to as self-help counties, generate approximately \$4.0 billion annually for transportation.

In Los Angeles County, Measure R was approved by a majority of the voters in November of 2008 and enacted a 0.5 percent sales tax increase, in addition to the two 0.5 percent sales tax measures already in place. The Measure R sales tax increase, effective for 30 years, finances transportation projects and programs, and accelerates those that were already in the pipeline

SB 767 would authorize the MTA, upon voter approval, to impose an additional sales tax in Los Angeles County for transportation purposes. The MTA, which is sponsoring SB 767, is exploring the potential for a ballot measure to seek voter approval for funding for additional transportation investments. The authority granted in SB 767 will be necessary should the MTA board decide to pursue the ballot measure.

SB 767 is scheduled to be heard in the Assembly Appropriations Committee on August 19, 2015.

Conclusion

The Board-adopted 2015-16 State Legislative Agenda contains various policies to support proposals that would provide to direct allocation of funds to local governments for the preservation of local streets and roads, without reducing other transportation funds or impacting other agencies, guarantee an equal amount of gas excise tax revenues from the State as received by the County under Proposition 42 of 2002, and identify and provide sufficient and stable funding sources for local street and road maintenance, preservation, and rehabilitation.

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Approval of this motion would allow the Interim Chief Executive Officer and the Sacramento advocates to actively engage in the discussions during the transportation Special Session and to advocate for permanent and sustainable funding solutions for the County's local street and road maintenance, preservation, and rehabilitation funding needs, and the Los Angeles County public transit system and projects.

However, because legislation to be considered as part of the Special Session on transportation infrastructure would include proposals to increase taxes or fees to fund transportation projects, support for this motion is a matter for Board policy determination.

SAH:JJ:MR
AO:lm

Attachment

c: Executive Office, Board of Supervisors
County Counsel

TRANSPORTATION AND INFRASTRUCTURE FINANCING SPECIAL SESSION LEGISLATION

Currently there are 22 bills and one Constitutional Amendment under consideration by the Legislature as part of the Transportation and Infrastructure Financing Special Session. Four of the bills (**ABx1 3, ABx1 4, SBx1 4, and SBx1 5**) are spot bills intended to serve as a vehicle for a transportation funding resolution, should one be reached in the Special Session. ABx1 5 and ABx1 6, both introduced by Assemblymember Hernandez, relate to affordable housing issues and are not detailed in this report.

ABx1 1 (Alejo), which as introduced on June 23, 2015, would: 1) expedite the repayment of several loans made to the State General Fund from various transportation accounts; 2) move truck weight fees which were repurposed for transportation debt service back to the State Highway Account; and 3) direct the portion of fuel excise tax revenue that is derived from the 2010 increase in the motor vehicle tax to the State and local governments for transportation purposes.

ABx1 1 is pending referral to an Assembly policy committee.

ABx1 2 (Perea), which as introduced on June 25, 2015, would remove the sunset date provisions in current law that authorize the California Department of Transportation and regional transportation agencies to enter into public-private partnerships for certain transportation projects that may charge certain user tolls and fees.

ABx1 2 is identical to SBx1 14 (Canella). ABx1 2 is pending referral to an Assembly policy committee.

ABx1 3 (Frazier), which as introduced on July 9, 2015, is a spot bill and would declare the intent of the Legislature to enact legislation to establish permanent, sustainable sources of transportation funding to maintain and repair the State's highways, local roads, bridges, and other critical transportation infrastructure.

ABx1 3 is pending referral to an Assembly policy committee.

ABx1 4 (Frazier), which as introduced on July 9, 2015, is a spot bill and would declare the intent of the Legislature to enact legislation to establish permanent, sustainable sources of transportation funding to improve the State's key trade corridors and support efforts by local governments to repair and improve local transportation infrastructure.

ABx1 4 is pending referral to an Assembly policy committee.

ABx1 7 (Nazarian), which as introduced on July 16, 2015, would continuously appropriate 20 percent of the annual Greenhouse Gas Reduction Fund (GGRF) proceeds to the Transit and Intercity Rail Capital Program, and 10 percent of the annual GGRF proceeds to the Low Carbon Transit Operations Program

ABx1 7 is identical to SBx1 8 (Hill). ABx1 7 is pending referral to a policy committee.

ABx1 8 (Chiu), which as introduced on July 16, 2015, would, effective July 1, 2016, increase the additional sales and use tax rate on diesel fuel to 5.25 percent.

ABx1 8 proposes a tax increase; therefore, it will require a two-thirds vote of the Legislature for passage. This measure would become effective immediately, if signed into law by the Governor.

ABx1 8 is identical to SBx1 7 (Allen). ABx1 8 is pending referral to a policy committee.

SBx1 1 (Beall), which as introduced on June 22, 2015, would create the Road Maintenance and Rehabilitation Program to address deferred maintenance on the State highway system and the local street and road system, was amended on July 14, 2015.

As currently amended, funding from the Road Maintenance and Rehabilitation Program would be generated from new and increased fees and taxes, including: 1) a \$0.12 per gallon increase in the gasoline tax rate; 2) \$0.10 of a \$0.22 per gallon increase in the diesel fuel excise tax rate; 3) a \$0.12 per gallon storage tax on gasoline; 4) \$0.10 of a \$0.22 per gallon storage tax on diesel fuel; 5) an increase of \$35 in the annual vehicle registration fee; 6) a new \$100 annual vehicle registration fee applicable to zero-emission vehicles; 7) a new annual road access charge of \$35 on each vehicle registered in the State; and 8) repayment (over a three-year period) of outstanding loans made in previous years from certain transportation funds to the State General Fund.

SBx1 1 would continuously appropriate these funds for road maintenance and rehabilitation purposes. Five percent of these funds would be allocated to counties that approve a new transaction and use tax on or after July 1, 2015, with the remaining funds to be allocated as follows: 1) 50 percent for maintenance of the State highway system or to the State Highway Operation and Protection Program; and 2) 50 percent to cities and counties.

The measure would also eliminate the annual gasoline and diesel excise tax rate adjustments, performed by the State Board of Equalization as required by law to maintain revenue neutrality. The bill would instead, beginning January 1, 2019, and every third year thereafter, require the Board of Equalization to re-compute the gasoline and diesel excise tax rates based upon the percentage change in the California Consumer Price Index.

Finally, SBx1 1 would allocate \$0.12 of the \$0.22 per gallon increase in the diesel fuel excise tax and \$0.12 of the \$0.22 per gallon storage tax on diesel fuel to the Trade Corridors Improvement Fund for expenditure on highway capacity improvements, freight rail system improvements, port capacity and efficiency projects, truck corridor improvements, or other infrastructure improvements along corridors that have a high volume of freight movement.

SBx1 1 proposes new and increased fees and taxes; therefore, it will require a two-thirds vote of the Legislature for passage. This measure would become effective immediately, if signed into law by the Governor.

SBx1 1 is scheduled to be heard in the Senate Transportation and Infrastructure Development Committee on August 19, 2015.

SBx1 2 (Huff), which as introduced on June 30, 2015, would exclude the annual proceeds of the Greenhouse Gas Reduction Fund generated from the transportation fuels sector from allocation under the Cap and Trade Investment Plan and would, instead, provide that those proceeds be appropriated by the Legislature for transportation infrastructure, including public streets and highways, but excluding high-speed rail.

SBx1 2 has been referred to the Senate Transportation and Infrastructure Development Committee. A hearing date has not been set.

SBx1 3 (Vidak), which as introduced on July 1, 2015, would revise allocation of funding to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century (2008) as follows: 1) prohibit further bonds from being sold for high-speed rail purposes, except for an existing appropriation for early improvement projects; 2) require the redirection of the unspent bond proceeds for use in retiring the debt incurred from the issuance and sale of those outstanding bonds; and 3) require the net proceeds of bonds subsequently issued and sold under the high-speed rail portion of the bond act to be made available to the California Department of Transportation for repair and new construction projects on State highways, and for repair and new construction projects on local streets and roads, as specified. These provisions would become effective only upon voter approval in the June 7, 2016 statewide primary election.

SBx1 3 would modify the general obligation bond act approved by the voters, Proposition 1A, in November 2008; therefore, it will require a two-thirds vote of the Legislature for passage, and voter approval in the June 7, 2016 statewide primary election.

SBx1 3 is scheduled to be heard in the Senate Transportation and Infrastructure Development Committee on August 19, 2015.

SBx1 4 (Beall), which as introduced on July 7, 2015, would declare the intent of the Legislature to enact legislation to establish permanent, sustainable sources of transportation funding to maintain and repair the State's highways, local roads, bridges, and other critical transportation infrastructure.

SBx1 4 is on the Senate Third Reading File.

SBx1 5 (Beall), which as introduced on July 7, 2015, would declare the intent of the Legislature to enact legislation to establish permanent, sustainable sources of transportation funding to improve the State's key trade corridors and support efforts by local governments to repair and improve local transportation infrastructure.

SBx1 5 is on the Senate Third Reading File.

SBx1 6 (Runner), which as introduced on July 13, 2015, would: 1) delete the continuous appropriation of 25 percent of annual Greenhouse Gas Reduction Fund revenues for the high-speed rail project, and would prohibit any of the proceeds from the fund from being used for that project; 2) continuously appropriate the remaining 65 percent of annual proceeds of the Fund to the California Transportation Commission for allocation to high-priority transportation projects, as determined by the commission, with 40 percent of those moneys to be allocated to state highway projects, 40 percent to local street and road projects divided equally between cities and counties, and 20 percent to public transit projects; and 3) require \$400.0 of the amount loaned from the fund to the General Fund by the Budget Act of 2013 (\$500.0M) to be immediately repaid to the fund, thereby making an appropriation.

SBx1 6 has been referred to the Senate Transportation and Infrastructure Development Committee. A hearing date has not been set.

SBx1 7 (Allen), which as introduced on July 16, 2015, would, effective July 1, 2016, would increase the additional sales and use tax rate on diesel fuel to 5.25 percent.

SBx1 7 proposes a tax increase; therefore, it will require a two-thirds vote of the Legislature for passage. This measure would become effective immediately if signed into law by the Governor.

SBx1 7 is identical to ABx1 8 (Chiu), which is summarized above. SBx1 7 has been referred to the Senate Transportation and Infrastructure Development Committee. A hearing date has not been set.

SBx1 8 (Hill), which as introduced on July 16, 2015, would continuously appropriate 20 percent of the annual Greenhouse Gas Reduction Fund (GGRF) proceeds to the Transit and Intercity Rail Capital Program, and 10 percent of the annual GGRF proceeds to the Low Carbon Transit Operations Program.

SBx1 8 is identical to ABx1 7 (Nazarian), which is summarized above. SBx1 8 has been referred to the Senate Transportation and Infrastructure Development Committee. A hearing date has not been set.

SBx1 9 (Moorlach), which as introduced on July 16, 2015, would: 1) would prohibit the Department of Transportation from using any nonrecurring funds, including, but not limited to, loan repayments, bond funds, or grant funds, to pay the salaries or benefits of any permanent civil service position within the department; and 2) require the Department of Transportation to contract with qualified private entities for architectural and engineering services with respect to public works of improvement undertaken by the department, with a minimum of 15 percent of the total annual value of these services to be contracted to qualified private entities beginning on July 1, 2016, and increasing each year to a minimum of 50 percent by July 1, 2023.

SBx1 9 is scheduled to be heard in the Senate Transportation and Infrastructure Development Committee on August 19, 2015.

SBx1 10 (Bates), which as introduced on July 16, 2015, would: 1) revise the process for programming and allocating the 75 percent share of state and federal funds available for regional transportation improvement projects; 2) require the State DOT to annually apportion, by the existing formula, the county share of transportation capital improvement funds for each county to the applicable metropolitan planning organization, transportation planning agency, or county transportation commission, as a block grant; 3) require the regional transportation agencies, in their regional transportation improvement programs, to identify the transportation capital improvement projects to be funded with these moneys, and would require the California Transportation Commission to incorporate the regional transportation improvement programs into the state transportation improvement program; and 4) eliminate the role of the California Transportation Commission in programming and allocating funds to these regional projects, but would retain certain oversight roles of the commission with respect to expenditure of the funds. The bill would repeal provisions governing computation of county shares over multiple years and make various other conforming changes.

SBx1 10 is scheduled to be heard in the Senate Transportation and Infrastructure Development Committee on August 19, 2015.

SBx1 11 (Berryhill), which as introduced on July 16, 2015, would exempt, until January 1, 2025, state roadways, projects or activities to repair, maintain, or make minor alterations to an existing roadway, as defined, from the California State Environmental Quality Act (CEQA), if the project or activity is carried out by a city or county to improve public safety and meets other specified requirements.

SBx1 11 is scheduled to be heard in the Senate Transportation and Infrastructure Development Committee on August 19, 2015.

SBx1 12 (Runner), which as introduced on July 16, 2015, would: 1) exclude the California Transportation Commission (CTC) from the California Transportation Agency, establish it as an entity in state government, and require it to act in an independent oversight role; and 2) require the CTC to program the projects to be contained in the state highway operation and protection program, and to program capital outlay support resources for each project in the program; 3) require the Department of Transportation (DOT) to submit its recommendations for projects to the CTC; 4) provide that the CTC is not required to program a project recommended by the DOT; 5) authorize the CTC to program projects not recommended by the DOT; and 6) require the DOT to submit any change in a programmed project's cost, scope, or schedule to the CTC for its approval.

SBx1 12 is scheduled to be heard in the Senate Transportation and Infrastructure Development Committee on August 19, 2015.

SBx1 13 (Vidak), which as introduced on July 16, 2015, would: 1) create the Office of the Transportation Inspector General in state government as an independent office to ensure that all state agencies expending state transportation funds are operating efficiently, effectively, and in compliance with Federal and State laws; 2) provide for the Governor to appoint the Transportation Inspector General for a 6-year term, subject to confirmation by the Senate; 3) provide that the Transportation Inspector General may not be removed from office during the term except for good cause; 4) specify the duties and responsibilities of the Transportation Inspector General; 5) require an annual report to the Legislature and Governor; 6) provide that funding for the office shall, to the extent possible, be from federal transportation funds, with other necessary funding to be made available from the State Highway Account and an account from which high-speed rail activities may be funded.

SBx1 13 is scheduled to be heard in the Senate Transportation and Infrastructure Development Committee on August 19, 2015.

SBx1 14 (Canella), which as introduced on July 16, 2015, would remove the sunset date provisions in current law that authorize the California Department of Transportation and regional transportation agencies to enter into public-private partnerships for certain transportation projects that may charge certain user tolls and fees.

SBx1 14 (Canella) is identical to ABx1 2 (Perea), which is summarized above. SBx1 14 is scheduled to be heard in the Senate Transportation and Infrastructure Development Committee on August 19, 2015.

SCAx1 1 (Huff), which as introduced on June 19, 2015, would amend Article 19 of the California Constitution to guarantee that all transportation fees and taxes are spent on transportation projects. Specifically, this bill would: 1) prohibit the Legislature from borrowing revenues from fees and taxes imposed by the State on vehicles or their use or operation, and

from using those revenues for non-transportation purposes; 2) prohibit those revenues from being pledged or used for the payment of principal and interest on bonds or other indebtedness; 3) limit the use of any fuel tax revenues allocated to mass transit purposes to the existing 25 percent limitation applicable to the use of fuel tax revenues for street and highway bond purposes; 4) restrict the expenditure of revenues from taxes imposed by the State on motor vehicle fuels used other than in motor vehicles upon public streets and highways, by requiring the use of those revenues for street and highway purposes; and 5) require revenues derived from the portion of the vehicle license fee rate that exceeds 0.65 percent of the market value of a vehicle to be used solely for street and highway purposes and would prohibit the Legislature from borrowing those revenues.

SCAx1 1 is a constitutional amendment and requires a two-thirds vote of the Legislature to pass, upon which it would be submitted to the voters for approval.

SCAx1 1 is scheduled to be heard in the Senate Transportation and Infrastructure Development Committee on August 19, 2015.